

The complaint

Mr B complains that Revolut Ltd won't refund money he lost when he fell victim to an employment scam.

Mr B is being represented by solicitors in his complaint.

What happened

The detailed background to this complaint is well known to both parties. The facts about what happened aren't in dispute, so I'll focus on giving my reasons for my decision.

The complaint concerns four card transactions totalling just under £3,500 which Mr B made in July 2023 in connection with a job opportunity – completing tasks to boost ratings for products – with a company “R” who reached out to him on an instant messaging service. Mr B subsequently discovered that he'd fallen victim to a scam.

Mr B's Revolut account was opened as part of the scam. It was explained to him that he also needed to create an account with a cryptocurrency exchange and that account needed to be topped up as required to complete some of the tasks. To make that deposit, Mr B transferred money funds from his account with another business to Revolut, before sending it on to a cryptocurrency exchange for conversion into cryptocurrency. Once converted, the cryptocurrency was sent to cryptocurrency wallets in control of R.

When he was unable to make withdrawals and instructed to top up his account with more money, Mr B realised he'd fallen victim to a scam.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

In broad terms, the starting position at law is that an Electronic Money Institution (“EMI”) such as Revolut is expected to process payments and withdrawals that a customer authorises it to make, in accordance with the Payment Services Regulations (in this case the 2017 regulations) and the terms and conditions of the customer's account.

But, taking into account relevant law, regulators rules and guidance, relevant codes of practice and what I consider to be good industry practice at the time, I consider it fair and reasonable in July 2023 that Revolut should:

- have been monitoring accounts and any payments made or received to counter various risks, including preventing fraud and scams,
- have had systems in place to look out for unusual transactions or other signs that might indicate that its customers were at risk of fraud (among other things). This is particularly so given the increase in sophisticated fraud and scams in recent years, which firms are generally more familiar with than the average customer,

- in some circumstances, irrespective of the payment channel used, have taken additional steps, or made additional checks, or provided additional warnings, before processing a payment – (as in practice Revolut sometimes does including in relation to card payments),
- have been mindful of – among other things – common scam scenarios, how the fraudulent practices are evolving (including for example the common use of multi-stage fraud by scammers, including the use of payments to cryptocurrency accounts as a step to defraud consumers) and the different risks these can present to consumers, when deciding whether to intervene.

Where there's no previous account history, as was the case here, what should reasonably strike Revolut as concerning for a first payment isn't down solely to the transaction amount involved. I haven't seen any other factors at play here such that, in my view, Revolut should have been concerned and ought to have questioned Mr B when he authorised the first disputed transaction of £91.68 on 14 July. Or for that matter, the next two transactions of £199.89 and £691.59 respectively on 15 July.

That said, I'm satisfied that Revolut ought to have recognised that the fourth card transaction – £2,512.26 on 19 July – carried a heightened risk of financial harm from fraud. I say this because by that then a pattern of increased cryptocurrency related spending had begun to emerge. And the transaction amount had jumped significantly. By July 2023, there had been widespread coverage in the media about increased losses to cryptocurrency investment scams.

In the circumstances, and at that time, I consider that a proportionate response to that risk would have been for Revolut to have provided Mr B with a written warning about cryptocurrency investment scams tackling some of the typical features. But, had it done so, I'm not persuaded that it would have prevented Mr B's loss. This is because he wasn't sending payments in connection with an investment. He understood he was using the cryptocurrency platform to deposit funds into his account to spend with his 'employer'. So, I'm not satisfied that the kind of warning I would have expected at that time – setting out the typical hallmarks of cryptocurrency investment scams – would have resonated with Mr B.

What that means is that even though Revolut missed an opportunity here, I'm not convinced it would have led to a different outcome. I think it's more likely than not that Mr B would have seen a warning about investment scams involving cryptocurrency – which is the extent of the intervention I would have expected at the time of the disputed transaction – and disregarded it as didn't apply to him.

Mr B's representatives have said that Revolut ought to have implemented appropriate warnings to combat the type of scam Mr B had fallen victim to. They submit that warnings had been published about employment scams by Action Fraud as far back as February 2022. I've reviewed the links that have been shared to support this position. But they're not dated. Nor do they refer to the specific type of scam Mr B had fallen victim to, namely, completing tasks or reviews. I understand the point his representatives are making, but at the time Mr B made these payments I wouldn't have expected Revolut to have narrowed down the risk further before providing a written warning.

In conclusion, I fully acknowledge that there's a considerable amount of money involved here. Despite my natural sympathy for the situation in which Mr B finds himself due to the scammer's actions, for the reasons given, it wouldn't be fair of me to hold Revolut responsible for his loss.

My final decision

For the reasons given, my final decision is that I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr B to accept or reject my decision before 25 July 2024.

Gagandeep Singh
Ombudsman